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more food for more people

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Cover page

Secretary of Agriculture Orville L. Freeman examines package of lard, part of a display of USDA-donated foods that will be available for needy persons under the expanding food distribution program. For more details on the program, see pages 3 through 5.

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**Presidential order broadens
USDA's Food Donation Program
to make available from
our agricultural abundance**

MORE FOOD FOR MORE PEOPLE



Foods shown above represent amount of surplus commodities distributed in West Virginia to family of four. Total weight, 107 1/4 pounds; estimated retail value, \$31.26. States arrange for receiving, storing, and handling of donated foods. Success of program depends upon cooperation of State, county, and local workers with U.S. employees in field offices and in Washington, D.C.



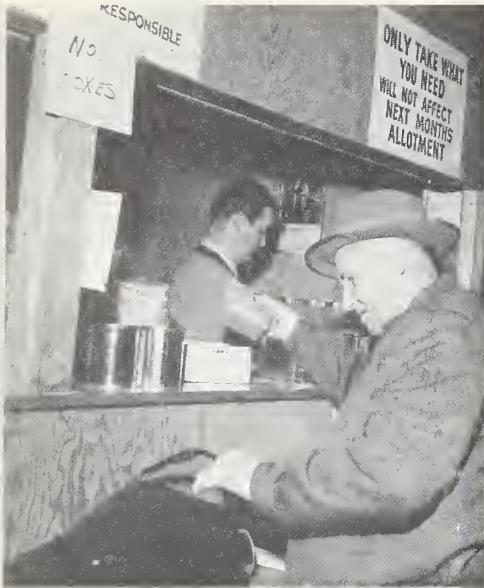
THE SECRETARY of Agriculture shall take immediate steps to expand and improve the program of food distribution throughout the United States . . . so as to make available, through appropriate State and local agencies, to all needy families a greater variety and quantity of food out of our agricultural abundance."

Thus, in his first executive order, President Kennedy on January 21 broadened the dimensions of the Department of Agriculture's food donation program—a program based on firm Federal-State cooperation that has been soundly developed through the years to the point where it performs speedily and effectively in meeting the needs of less fortunate human beings.

Moving immediately to add variety to donated foods, the Department within 10 days began buying canned pork and gravy, dry beans, and dried whole egg to supplement the butter, lard, flour, cornmeal, dry nonfat milk and rice previously available from Government inventory. Meantime, Government-owned peanuts and oats were ordered processed into peanut butter and rolled oats.

Still acting swiftly to help meet what the President described as "one of the most important and urgent problems confronting the Nation today," the Department's suggested per-person distribution rates were increased substantially for a number of items, and in some areas of chronic unemployment local agencies quickly

(Continued on page 4)



Local public agencies have the responsibility of determining eligibility of applicants for donated foods and carrying out the distribution.



Housewife in New Mexico prepares meal for her family from foods donated by Government. Some of these foods were acquired under price-support operations. Foods used here were distributed through the Bureau of Indian Affairs.

These breads were made from flour donated by Government. The kitchen is in home for aged.

adjusted their distribution poundage upward.

Even while distribution pipelines were being filled with this greater variety and amount of food, the Department moved to make it available to more people. Secretary of Agriculture Orville L. Freeman early in February offered the 50 State Governors the full assistance of Department food distribution specialists to help in planning maximum usage of America's food abundance. And by the first of April, 46 States will have family distribution programs in operation. Since January, 100 new counties and cities have come under the program. The four most recent States are Delaware, Washington, Oregon, and North Carolina.

The effectiveness and success of the Department's direct distribution program depends upon close cooperation of State, county, and local workers with Federal employees here and in the field. Local public agencies bear the responsibility of determining eligibility of applicants for donated foods and carrying out distribution.

Each State establishes eligibility standards to be used by county and community agencies—subject to approval by USDA. State agencies also arrange for the receipt, storing,

and handling of donated foods.

The Department's responsibility is to donate foods from Government inventory and to purchase such additional commodities as may be in surplus supply and which will best improve the variety and quantity of food available to needy families.

As soon as the Department decides to donate a commodity, several steps are needed to carry out the decision. The first is to determine the quantity that is needed. Thus, information regarding the number of needy persons being served is relayed from the local agencies to the States and from the States to Washington where they compile a national total.

This constant flow of information is necessary to insure a maximum use of America's abundance without waste, and it is these reports from the States that principally determine the extent of purchase programs or the rate of withdrawal from inventory.

Whether a commodity comes from Government inventory or is purchased, there is generally a four to six weeks' interval until the finished, packaged product suitable for home use is available at distribution centers throughout the country. Such raw inventory items as wheat and corn need to be converted to edible forms

of flour and meal. Even butter and beans require repackaging from the bulk form in which they are stored.

In the case of purchase programs, time is needed to notify packers and processors, permit them to prepare and submit offers, and, finally, to fill the order. The transportation of commodities from processing and packaging plants to the States, plus handling and distribution within the States, also take time.

All processing and packaging operations are under the supervision of commodity inspectors and graders of the Agricultural Marketing Service.

Once these programs are underway and pipelines filled, of course, the buying and processing can be scheduled to maintain a continuous flow to eligible outlets.

Foods in the distribution pipeline carry a little-recognized side-benefit, in that they are available immediately in the event of disaster. Such foods were employed to good advantage along the East Coast following Hurricane Donna in 1960.

More recently, donated foods were used to feed those made homeless by rampaging floodwaters in southern Alabama, Mississippi, and Georgia.

In the stricken areas of Alabama, over 170,000 pounds of flour, corn-



Families in areas of chronic unemployment will be getting a greater variety and quantity of food.

meal, dry milk, butter, lard, and rice helped feed some 10,000 flood victims.

At Hattiesburg, Miss., 5,000 homeless flood victims received 60,000 pounds of flour, 32,500 pounds of cornmeal, 625 cases of milk, 160 cases of lard, 300 cases of butter, and 150 bags of rice. These supplies came from nearby Jackson. Several other areas, not so badly hit, were able to provide enough to feed their flood victims from stocks within their own warehouses.

In an emergency, donated foods can be diverted—usually within hours—from warehouses to disaster areas to help feed the human victims. Later, the foods so used are replaced by the Department of Agriculture, and distribution to regular outlets is maintained with little if any interruption.

The food distribution method employed today is the culmination of 25 years experience that began when Congress in 1935 passed "Section 32" of the Agricultural Act of 1935 authorizing—among other things—the purchase and disposition of farm products that were having marketing difficulties. Through the late thirties, distribution of such "surplus removal" commodities was frequently on a State or regional basis, and always with the cooperation of State and local welfare agencies. The food

stamp program of the early forties was also carried out under the broad provisions of Section 32.

World War II brought an end to the need for large-scale surplus removal operations, and an end, too, to any significant need for food assistance. And in the immediate post-war period, again, the term "food shortage" was more frequently heard than "food surplus."

But American farmers, spurred by the war effort, very shortly brought abundant farm production to the fore, so that in 1949 Congress again passed legislation aimed at finding outlets for farm products that couldn't be sold in regular marketing channels. Section 416 of the Agricultural Act of 1949 provides for the disposition of farm products acquired by the Government in price support activities—after sales and barter possibilities have been exhausted—to the Bureau of Indian Affairs, non-profit school lunch and summer camp programs, needy persons, and charitable institutions. This section also specified that foods remaining after the needs of these domestic users had been provided for was to be avail-

able for donation overseas through recognized voluntary welfare organizations.

But possibly the most significant provision of Section 416 was that it authorized the Secretary of Agriculture to pay for the cost of processing price-support commodities into a form suitable for home and institutional use. And it was this provision that led to the expansion of the method of distribution used today. It is a well organized, operating, flexible vehicle for supplying the basic needs of those U.S. citizens who earn too little to provide adequate diets for their families.

Starting in fiscal year 1950, State-by-State and county-by-county expansion of the distribution program has pressed forward. Within the 46 States now organized to handle donated foods, facilities and personnel are generally able to expand and extend their operations with a minimum of delay and a maximum of accomplishment.

A good example of the growth of the program, as shown in the table below, is the number of persons benefiting from the foods donated.

NUMBER OF PERSONS RECEIVING DONATED COMMODITIES IN U.S.

Fiscal Year	Children in School	Persons in Institutions	Needy Persons	Total
1950	10,130,000	1,100,000	250,000	11,480,000
1951	9,900,000	1,300,000	1,225,000	12,425,000
1952	10,125,000	1,300,000	170,000	11,595,000
1953	9,300,000	1,300,000	115,000	10,715,000
1954	9,400,000	1,400,000	1,100,000	11,900,000
1955	10,200,000	1,300,000	3,290,000	14,790,000
1956	10,900,000	1,400,000	3,170,000	15,470,000
1957	11,900,000	1,400,000	3,485,000	16,785,000
1958	13,600,000	1,400,000	4,665,000	19,665,000
1959	14,100,000	1,400,000	5,741,000	21,241,000
1960	14,300,000	1,450,000	4,309,000	20,059,000
1961*	15,500,000	1,450,000	3,700,000	20,650,000

* From July 1 through December 31, 1960.

FARMERS

... CAN'T BE WRONG

by Daniel A. Alfieri

FACTS straight from over 600,000 volunteer crop reporting farmers have a strong influence on what the Nation's nearly 4 million farmers plan to do—either now or in the future.

Expanding the size of a flock or a herd, planting more acreage, or investing in new equipment calls for more than good judgment. Like all good businessmen, farmers need accurate up-to-the-minute facts to help them make these decisions.

Getting information to the farmer about prospective plantings, production, supplies, and prices is the job of USDA's Crop and Livestock Reporting Service.

But more basic, most of these facts originate right on the farm, and it's through the volunteer crop reporter—the farmer himself—that they become available at all. These experienced farmers and ranchers return about 3 million questionnaires a year. In all, some 8½ million questionnaires are mailed annually by the Department. These form the basis for detailed national and State reports, which influence every segment of the Nation's economy.

There's no pay to encourage farmers to get the reports in promptly or to make them out at all, but as dairyman D. Paul Hershey of Lititz, Pa., puts it, "If we don't do our bit, where else are we going to get the information?"

A volunteer reporter for more than 15 years, Hershey holds a perfect record for never having missed returning his monthly questionnaire to

the Federal-State Crop Reporting Service in Harrisburg.

"I get at it right off," Hershey says. "Since it deals with milk production, number of cows milked, prices we get and other figures we've got to have anyhow, it doesn't take up much time at all."

The Hershey farm is located in Lancaster County, one of the Nation's leading agricultural counties.

While Hershey considers himself an average dairy farmer with 30 milk cows—all Holstein—the Pennsylvania Crop Reporting Service indicates that Lancaster County dairy herds average about 23 cows. It also notes there is nothing average about the county's dairymen. Lancaster leads Pennsylvania in milk production, ranking 35th among the Nation's milk-producing counties.

Crop reports are in their third generation of use in the Hershey family. Paul Hershey learned about them from his father, who was a volunteer reporter, and now both his son, Richard, and son-in-law, Kenneth Noll, refer to them.

Since Paul Hershey knows first hand the value of crop reports, he "talks them up" with friends and neighbors. As he points out, a farmer doesn't have the time to work the farm and go dig up information. But having the reports helps him bargain, buy, sell, and make decisions he couldn't otherwise make.

Hershey feels that other Lancaster farmers share his conviction that crop reports are sound working tools, essential to any efficient operation. "We're interested in what goes on in Erie and other counties, and we want to know what our neighbors are doing



A volunteer reporter for more than 15 years, Paul Hershey holds a perfect record for filing a monthly crop report.

J. Mark Keefer, of Millersburg, Pa., averages about 4,000 birds a year and markets about 970 eggs in a week. A conscientious volunteer crop reporter, he has never missed making a report. Many times, in all kinds of weather, he has made special trips into town to make sure his questionnaire would reach the crop reporting office in time.

so we can see where we fit into the picture," he admits.

Since he grows grain for feed, and also as a cash crop, Hershey watches crop estimates to determine the right course to follow in the months to come and even the next planting season. The amount of hay on hand and its availability often determines how much corn will be planted. It usually follows that when there's a good carryover of hay in the State, more of his acreage will go into corn. Hershey added that when crop reports indicate less grain corn than usual, he's likely to harvest less silage corn and sell more grain corn at a better profit.

Without the timely crop reports, advance planning, such as this, would be just speculation, he says.

The Keystone State's poultry in-

The author is Chief, Northeast Area, Marketing Information Division, AMS.



Dewey Boster, at right, who is the agricultural statistician in charge of the Pennsylvania Crop Reporting Service in Harrisburg, feels that "Pennsylvania is the best State for response for raw data of any I have worked in." Boster proudly refers to a seemingly endless list of farmers who served as reporters for 5, 10, and 25 years.



The Hershey farm is located in Lancaster County, which ranks 1st in the State and 35th among the Nation's milk producing counties. Hershey milks 30 cows—all Holsteins. The farm consists of 113 acres—30 planted in corn, 14 in wheat, 5 in oats.



dustry is second in importance only to dairy. About 23 percent of the farmer's cash income in Pennsylvania is derived from the poultry industry.

J. Mark Keefer of Millersburg is by no means a large poultryman. He averages about 4,000 birds a year and markets about 970 dozen eggs weekly. He owns 31 acres of land, with some planted in corn, wheat, and oats. Like dairyman Paul Hershey, Keefer is a conscientious volunteer crop reporter.

For more than ten years, he hasn't missed making a report. Many times, in all kinds of weather, he's made special trips into town to the post office to make sure his questionnaire would reach the Pennsylvania Crop Reporting office in time.

Being a small independent farmer,
(Continued on page 8)



For poultryman Mark Keefer the crop reports serve many uses, influencing decisions that are apart from the business end of farming. The broad information keeps him alert to changes and trends in the poultry industry. The information also serves as a general farm-business barometer. And without question, he feels that all of the factors have influence on family life. From the way things were moving last fall, with prospects of egg prices moving up at end of the year, he decided this was the time to invest in a second tractor. After shopping around, he bought a good used one.



600,000 Farmers Can't Be Wrong

(continued from page 7)

Keefer showed a different side to the values of the crop report information.

"I've got 4 hen houses and in order to keep ahead in this competitive egg business, I've got to keep them full. I can't alter my plans as much as I'd like, but I can take advantage of situations I know about from crop reports," he declares.

Pennsylvania boast a corps of some 25,000 volunteer crop reporting farmers. The "backbone" of this farm reporting system is comprised of 8,000 experienced representative farmers situated in every locality in the State. These farmers like Paul Hershey and Mark Keefer report on a monthly basis, while the balance report at less frequent intervals.

According to Dewey Boster, agricultural statistician in charge of the Pennsylvania Crop Reporting Service in Harrisburg, "Pennsylvania is the best State for response for agricultural data of any I have worked in." Boster proudly refers to a seemingly endless list of farmers who have served as reporters for 5, 10, 25, and even more years.

Alluding to an old proverb, Boster said that a man's judgment is no better than his facts.

"Pennsylvania and other Northeast farmers are in a highly competitive area. There are millions of people to be fed, and the market is at their back door step. Farmers must know what the competition is doing . . . and why . . . and when . . . and where."

"Commercial broiler people must know what's going on in Arkansas, Georgia, and Texas. Did they time their lots right? People who store apples should know what's going on in the Yakima valley. Apple farmers there are after the same markets our farmers want. Peach growers are in direct competition with New Jersey, New York, and the Carolinas. The same applies to potatoes. How will they know how to buy and when to sell? Farmers must rely more and more on crop reports and make better use of them."

Charge Accounts FOR CUSTOMERS IN RETAIL FOOD STORES



MORE THAN 300 food stores in California are offering shoppers in that State a new service to attract them—and their dollars—up to the cash register. The merchandising technique that they are using is a bank-charge-account plan.

There is nothing new about credit itself in retail food stores. It was only as far back as the '30s that they advertised the money-saving benefits of cash-and-carry operations. A certain number of food stores have always maintained their own credit systems for their customers. And, of course, many stores regularly cash checks.

To study its effects on food marketing costs, AMS economist Norman Townshend-Zellner has looked at what might happen if credit gets back into food retailing with the help of

the bank-charge-account-plan.

Here's the way he sees it:

Although the more than 300 retail food stores is not an impressive number, there are more than 27,000 retail stores and other businesses—other than food stores—participating in the charge-account plan operated by a large bank in California.

Also impressive is the approximately 2 million families holding the bank's credit cards, which, upon presentation, automatically provide charge-account facilities at any of the more than 27,000 outlets.

Since food is the largest single item in a family's budget, there is every reason to believe that retail food operators will continue to explore new services, including charge-account plans, to get new customers in their stores or keep those

that are already shopping there.

Just what do customers get out of a charge account for their food purchases? Mainly convenience—a summary of food purchases at the end of the month, the freedom to shop when they want to, the opportunity to take advantage of price specials whenever they come along, and fewer checks to write.

Customers do not pay for their bank credit cards. And, if they pay their bills within 25 days, the bank levies no charge against them for the service. But after 25 days, the bank charges 1½ percent monthly on the unpaid balance.

On the other hand, if the charge-account plan turns out to be really popular in any area, all of the shoppers in that area may eventually pay for this convenience in higher food prices.

The reason is simple. Stores pay the banks for the service and they have to get their money back somehow.

When a food store joins a bank's charge-account plan, it pays a \$25 signup charge per location. On top of that, the store pays the bank a percentage of the charge sales—a sliding scale based on the average size of purchases.

The charge may vary from 6 percent for quarterly sales averaging from \$3.50 to \$4.99, to 3 percent for sales ranging from \$25 to \$34.99.

In California, this fee has averaged 4.5 percent of sales made under credit.

Whether the bank's percentage of charge sales is tacked onto the house-

wife's food bill depends on how successful the service is in increasing store profits by bringing new customers into the individual subscribing store.

Paradoxically, the more successful the subscribing stores become—and the more their competitors adopt the plan—the more apt are profits to fall and costs to rise. Here's why:

The first store in a shopping area to adopt a charge-account service probably would attract customers from other stores. The increased business probably would permit the store to offer the service with no increase in prices.

But competing stores in the area would be likely to adopt the charge-account plan to regain the customers. If that happens, the charge-account plan will simply add costs to all participating stores with little or no offsetting increase in profits through increased volume. The housewife will then pay for the service in higher food prices. And as more and more shoppers use the charge-account plan, the bank charges will get closer to 4.5 percent of total sales for the store.

Thus, a charge-account service would be profitable for a store if it could count on being one of the few stores in an area to offer it. Conversely, a mass swing to the plan could well raise food prices all around without any upward boost to profits. It could possibly squeeze out marginal retailers.

Stores that already provide credit on their own might benefit from the charge-account plan. The system could be a less expensive substitute

for the store's own credit operation, including bookkeeping, bad debts, interest costs, and so on.

Stores might also save money if the charge-account caused the shopper to make fewer trips to the market, buying more food at each trip. Credit cards could also cut down on the need for check-cashing facilities.

There are some negative features, too: Extra checkout time to record customer purchases on sales drafts, imprinting the draft with the credit card, and telephoning the bank for approval of unusually high purchases. Handling, tallying, depositing, and checking sales drafts and bank statements would also add to expenses.

Weighing plus and minus aspects of charge accounts, economist Townsend-Zellner says it is possible that a significant increase in the proportion of retail food sales made under credit would result in a rise in food prices.

Whatever the increase, it would make for a bigger retail margin. And any increase in the retail margin usually puts a downward pressure on prices paid to processors and farmers.

This story is a condensation of the article, "The Bank-Charge-Account Plan and Retail Food Marketing," which appeared in the October 1960 issue of Agricultural Economics Research, a quarterly journal of economic and statistical research published by the U. S. Department of Agriculture. Reprints of the original study are available from the Marketing Information Division, Agricultural Marketing Service, USDA, Washington 25, D. C.





Inspectors grade more than a million tons of tomatoes each year at processing plants. Grades are used as basis for making payment to growers. Processors use grades to see if a particular batch is better suited for soup, juice, or catsup.



USDA inspector classifies tomatoes into categories to calculate "percent usable" for the entire load.

New System for Grading Tomatoes

By Frank W. Betz

U.S.D.A.'s Agricultural Marketing Service is unveiling a brand-new system for grading tomatoes at processing plants. Featuring a new device for accurately measuring the color of the tomatoes, and a new method of classifying defects, this system promises more accurate grading. Consequently, it also promises a more equitable basis for making payments to growers.

The new electronic colorimeter gives an exact reading of color—one of the most important factors in grading tomatoes. The device, developed by market quality researchers, measures the color of the raw juice from the tomatoes.

Defects also will be classified differently under the new system. The tomatoes will be classified A, B, C, or Culls, depending on the amount of defects and decay present. From the percentage of tomatoes that fall in each of these categories, the inspector will calculate a "percent usable" for the entire load.

The color reading and the per-

The author is a standardization specialist in the Fruit and Vegetable Division of AMS.



A sample is fed into a special juicer to extract the raw juice and discard skin and seeds.



Raw juice then goes into special glass-bottomed viewing cup. Inspector slides cup onto colorimeter, which "reads" the color of the juice in terms of an index. Thus, new grading system rates the value of the tomatoes for processors.

Grading Tomatoes at Processing Plants . . .

device for accurately measuring the color of the tomatoes

usable are then combined to evaluate the load of tomatoes.

The new standards that will put those grading improvements to work have been developed by the Fruit and Vegetable Division of AMS. Because the standards represent a radically new approach to grading, they are being circulated throughout the industry this year, still in the "experimental" phase, for comment and suggestions.

The new grading system will be used on a trial basis at some grading platforms this summer. Processors and growers are enthusiastic about the possibilities of the new technique, and hope to get enough data together to use in a pricing system based on the new grades.

The new grading technique is an example of cooperation between research and action programs. Several years ago the Fruit and Vegetable Division's inspection service realized that a more objective means of grading tomato color would be extremely valuable.

Their inspectors annually grade more than a million tons of this important crop at processing plants, and the grading results are used as a basis

for making payments to growers. The processors also use the results in deciding whether a particular batch of tomatoes is better suited for juice, catsup, or some other product.

Researchers in the Market Quality Research Division were asked to find an objective color measurement. By 1959, the basic model of the tomato colorimeter had been developed.

That summer they loaded the equipment in a truck and traveled the country, demonstrating it at tomato processing plants and grading platforms.

During the 1960 season the colorimeter and the defects classification system were used alongside the regular grading system at several places, as a further test of practicality.

The comments and suggestions picked up during these demonstrations and trials were helpful when the time came to draw up the standards that are needed to turn the new system into a really useful tool for the tomato industry.

When the new standards do go into effect, the colorimeter will make life a good deal easier for the inspectors. Even with years of experience and replicas of tomato colors to refer to,

an inspector has a hard job of pinpointing the exact shade of red that separates No. 1 from No. 2. The colorimeter tells him the color automatically, and exactly, without need for separation into 1's or 2's.

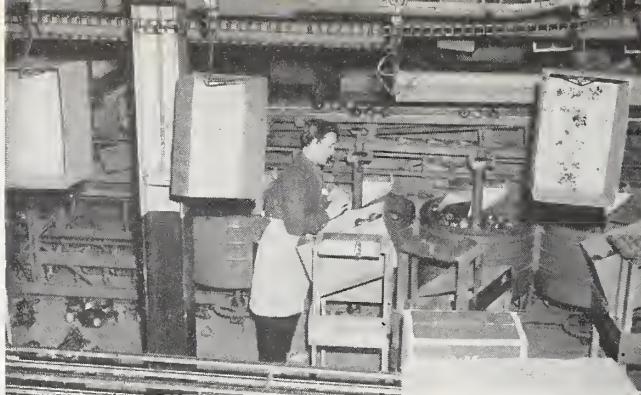
The inspector feeds a sample of the tomatoes into a special juicer that extracts the raw juice and discards the skin and seeds.

Some of this raw juice then goes into a special glass-bottomed viewing cup. The inspector slides this cup onto the colorimeter, which "reads" the color of the juice on a color index.

The new grading system rates the tomatoes according to their actual value to the processor. Under the present system he gets only a rating of "ones," "twos," or "Culls" based on both color and defects. With the new grading he will get the inspector's calculation of the actual percentage of the tomatoes he can use and how much he will have to trim off. This calculation will be in terms of "percent usable," separate from the color rating.

The inspectors feel certain that their new grading system will mean more accurate tomato grading and a more equitable basis for determining the value of tomatoes for processing.

AMS researchers found that handling apples by conveyors and packing them manually from the tubs was one of the most costly methods now practiced in the Appalachian apple area.



NEW EQUIPMENT REDUCES APPLE MARKETING COSTS



An automatic device for filling consumer bags and semiautomatic tray packers can reduce costs.

A CHANGE in packing equipment and methods can save Eastern apple men nearly \$5,000 a year—if they pack 50,000 crates or more.

Agricultural Marketing Service researchers in a recent study of the Appalachian apple industry found many plants working with out-dated equipment.

That \$5,000 can be saved, for example, by replacing conveyor belt lines and packing tubs with a forklift truck, automatic box fillers, and semiautomatic tray packers.

Although this machinery when purchased new, costs as much as—and sometimes more than—the equipment which it replaces, it is still a money-saving investment. The additional cost is saved many times over in reduced labor costs.

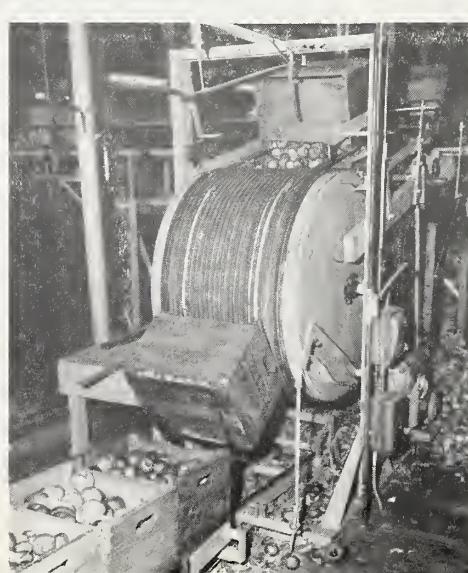
Take the items one by one. Use of a forklift truck and pallets instead of a conveyor slashes annual handling costs \$2,700. A semiautomatic packer

instead of manual labor saves another \$900. And other improvements pick up the rest of the estimated \$5,000 savings.

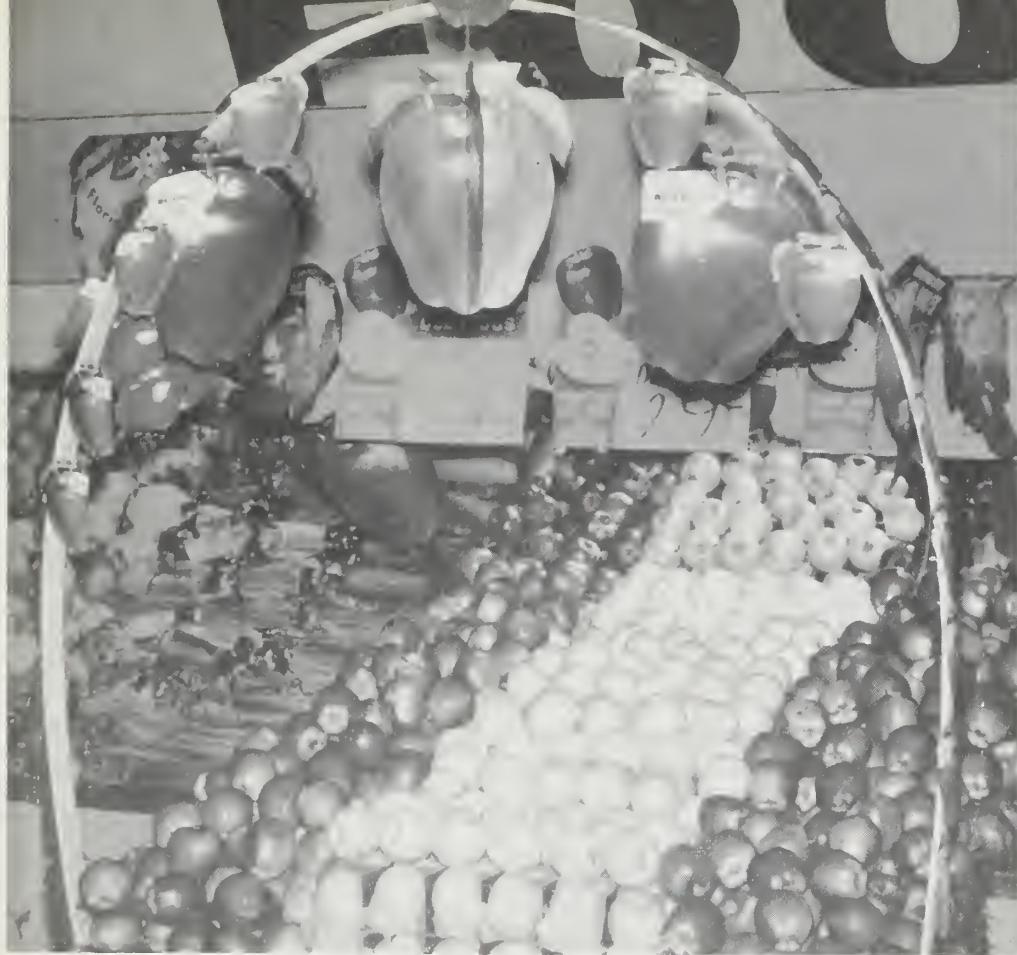
This is for a plant with a 50,000-crane volume. Smaller plants would, of course, have smaller savings. But, they too stand to gain by mechanizing their packing operations.

Savings, however, mount rapidly as the volume of the plant increases—up to the 100,000-crane level. This is the point of maximum return.

Stanley J. Burt, AMS industrial engineer, discusses the Eastern apple industry in detail in a marketing research report, "Apple Handling and Packing in the Appalachian Area." Now in process of publication, the study will be available sometime this summer. Single copies of the report may be obtained without charge by writing to the Office of Information, U.S. Department of Agriculture, Washington 25, D.C.



One man and a mechanical dumper can feed apples to the packing line cheaper than 2 men can do it by hand. The worker who does the job has a good deal of time to perform other work, including the stacking of empty crates, within the area of the dumper. Even with allowance made for equipment cost, the mechanical method is \$11 less per 1,000 crates than by hand.



Apple sales averaged 27 percent more with a promotional program than without one. Highest sales—up 32 percent—came when the promotion emphasized using apples in pies, salads, and other foods. When the program stressed the health benefits of apples—sales rose 21 percent.

Promotion Program INCREASES SALES OF APPLES

DOES IT PAY to run a promotional campaign for apples? And if so, what type of promotion works best?

Researchers in the Agricultural Marketing Service drew an answer to these questions from an experiment conducted in 72 food stores located in 6 midwestern cities.

Their conclusion: Yes, it pays to promote apples. Sales averaged 27 percent more with an industry-sponsored promotion program than without. And the increase resulted without a reduction in the price of the apples.

Highest sales were achieved with a theme emphasizing the use of apples in salads, pies, and other foods. This type of program boosted sales 32 percent.

A promotional program stressing the health benefits of apples increased sales 21 percent.

But, when either of these promotional efforts was discontinued, sales dropped back to pre-campaign levels. All of which means, a sustained promotional program is necessary to keep apple sales up.

Researchers also noted several other effects of special promotions. During both types of promotion, sales of other fruits fluctuated slightly. Orange sales went up a little; banana sales dropped a little.

Sales of grapefruit held stable during the apple-use campaign but increased when the health theme was featured. However, while the apple health promotion was going on, another organization was conducting a "Fresh for Health" grapefruit campaign. This probably had some effect upon grapefruit sales during the health promotion.

Another thing affecting the sales

of various types of apples and the various other fruits was the amount of display space allotted to each. When more space was given to apples from one area, for example, these gained in sales at the expense of apples from other areas.

When grapefruit was given more display space, apple sales fell off. But, when any of the other fruits were featured, sales of apples were not affected.

These are a few of the things the AMS research turned up. For more details and some of the other findings, see "Special Promotional Programs for Apples: Their Effects on Sales of Apples and Other Fruits" by Peter L. Henderson, Sidney E. Brown, and James F. Hind. Single copies may be obtained without charge from the Office of Information, U.S. Department of Agriculture, Washington 25.



By 1960, nearly 90 percent of the pork in storage was frozen, and the remainder was cured. In 1935, nearly 75 percent was cured, and 25 percent was frozen.

TRENDS IN PORK STOCKS

by Kenneth D. Ackers

OUR NATION'S refrigerated warehouses aren't as full of pork as they used to be—and with good reason.

Modern technology and an improved marketing system are moving pork and pork products more swiftly to the consumer. Today, a more even year-round supply of pork is provided, and there's less need to store large quantities.

- Hog slaughtering is spread out over the year.
- Curing time, which used to take several months, has been cut to a single week.
- And, a lot of pork is sold directly by processor to retailer.

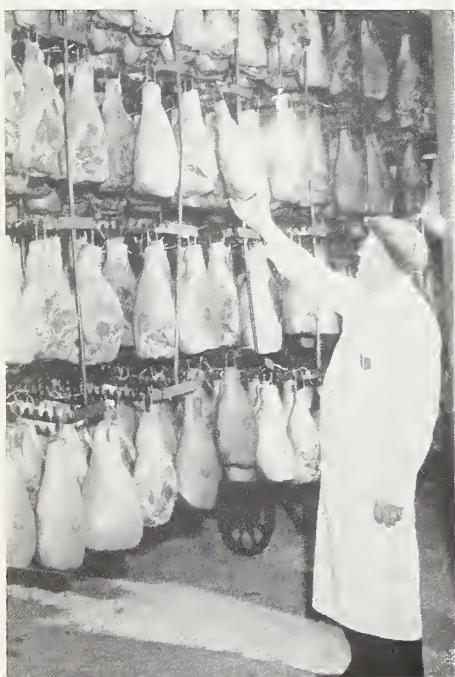
These trends in processing and marketing have dramatically reduced pork stocks in refrigerated warehouses. The Crop Reporting Board of the Agricultural Marketing Service reports that since 1916 these stocks have dropped an average of 10.5 million pounds a year.

By 1960, they averaged 271 million pounds a month—two-thirds less than the record high average reported during 1919.

This is a far cry from the days—not so long ago—when pork was one of the top two warehouse items. In terms of tonnage stored, pork used to be second only to apples.



It used to take several months to cure pork. With technological advances, curing time was reduced to less than a week. Result: There is a faster turnover of cured stocks.



The author is an agricultural statistician in the Agricultural Estimates Division, AMS.

Then, as now, pork stocks reached their high in the spring; their low in the fall. On May 31, 1918, for example, more than a billion pounds of pork were stored in refrigerated warehouses.

Forty years later, on September 30, 1958, the smallest quantity—127 million pounds—was in storage.

Pork began its big decline in the warehouse late in the thirties. By then the effects of the new quick-curing method were being felt, not only in the total tonnage stored but in the amount of cured and frozen pork in storage.

In 1935, nearly three-fourths of the pork in warehouses was cured; about a fourth was frozen. Twenty-five years later, in 1960, these proportions were more than reversed. Nearly 90 percent was frozen and only 10 percent was cured.

Because of the increased amount of frozen pork stocks, the Crop Reporting Board is now including more detailed information in its Cold Storage Report. Since January 1, holdings of frozen loins, jowls, butts, spareribs, and pork trimmings are included along with the figures for frozen picnics, hams, and bellies.

The reports cover only food considered to be in "reserve" or storage supplies. They do not include "working stocks" in locker plants, food distribution warehouses, and facilities maintained by wholesalers and jobbers.



AMS researchers survey food service operators to help wholesalers find better ways of

REDUCING FOOD DISTRIBUTION COSTS

by Patrick J. Cassidy and Paul Wischkaemper

INSTITUTIONAL distributors do more than move farm food products to restaurants, cafeterias, and hospitals. They also provide these customers with a lot of extra services.

These include delivering small fill-in orders, rotating merchandise in the customer's stockroom, and menu planning.

Are these services what the eating establishments want? And what changes toward greater efficiency would they be willing to accept?

These were the questions raised by AMS researchers who were interested in the efficient movement of farm food products from farm to the consumer. Food service establishments are a very important part of the agricultural marketing channel. Total consumer expenditures for food and food services in those eating places amounted to around \$17 billion in 1960. And present AMS estimates indicate that this amount may increase a fourth by 1970.

To get the answers to those questions the researchers surveyed 350 selected food service operators.

The survey showed that 70 percent of these firms do business with 3 or more grocery wholesalers. And 56 percent buy more than half of their grocery items from one distributor.

This means a lot of small orders

are being placed—and small orders are expensive to handle.

Solving this one problem—even partially—could reduce considerably the cost of distribution.

There are, however, several other money-saving alternatives. How about the distributor adding more commodities to his line?

The survey showed only 1 percent of the restaurants buy fresh fruits and vegetables from their grocery wholesaler. A scant 10 percent use this wholesaler for frozen products.

BUT—another 6 to 8 percent said they "probably should" buy fresh produce and frozen products from their grocery distributor.

Their reasons:

- It saves ordering time.
- It speeds up receiving time.
- It eliminates extra work (book-keeping).

Another possible way to cut distribution costs is through the use of pre-printed order forms or catalogs. Although only 9 percent of the food service operators now use this system, 27 percent said they liked it because it—

- Reduces ordering time,
- Acts as a reminder to order items,
- Gives a good idea of cost,
- Gives information on new items,

- Informs them of other items carried by the distributor.

Although all service "extras" cost money, some can add to sales and thereby more than pay for themselves. One of these is menu planning. Supplying ALL of the grocery items for a suggested menu would mean one single large order. This would cut delivery costs and add a plus factor through larger orders.

At present, 87 percent of the food service operators receive no menu planning assistance. So this is one area that is wide open for exploration.

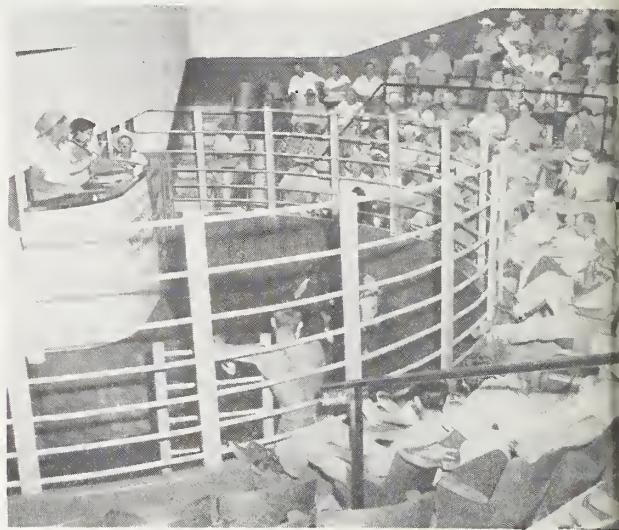
Also as part of the AMS survey, food service operators were asked what they thought of currently used labels on canned items.

On the whole, label information was considered adequate, although many operators complained about the lack of sufficient information on canned tomatoes and peach halves. Both of these items, they felt, needed better and more complete labeling.

Studies such as this—to determine where greater efficiencies in the distribution of food and food products can be achieved—are part of a broad research program underway in AMS. Findings, when put to work by the food distribution industry, should result in reduced marketing costs, a help not only to the distributor but to producers, processors, and consumers.



Most auction markets are now regulated under the Packers and Stockyards Act which assures open competition in buying and selling livestock. Some of the larger auction markets have been operating under P&S Act for over 30 years.



A P&S representative discusses livestock trading practices with a producer. If a producer has a legitimate complaint, he should present it to the Packers and Stockyards representative in his area.

Marketing Livestock under Packers and Stockyards Act

by Harold C. Bryson

"**T**HERE WAS a time," says a New Mexico rancher, "when I shipped nearly all my cattle to the big markets a thousand miles or more away from home—those were the only places I could sell them."

"But today, it's different," he points out. "I sell some cattle right here at my ranch—some at nearby auctions—and some in Denver, Kansas City, and Ft. Worth. Wherever I think I can get the best deal, there's where I sell."

This same story comes from many farmers, ranchers, and feeders. They sell their cattle, hogs, and sheep where they think they can get the best deal—on the range, in the feedlot, at auction markets or at the major terminals.

Livestock marketing has moved

out of its old channels.

This fact has made it necessary to extend to all transactions the code of ethics spelled out by Congress in the Packers and Stockyards Act, which regulates interstate commerce in livestock marketing. This Act has been in effect since 1921, which means that meat packers, the major terminal markets, and some of the larger auction markets have been operating under this law for years.

In response to the changes in the livestock marketing pattern, Congress has amended the P&S Act several times until now it has been extended to all country dealers, owners and operators of direct buying stations, and auction markets, if they handle any interstate business.

With modern transportation, almost every individual or firm handling livestock or meat has some interstate business. This makes all of the business of that individual or

The author is Chief, Southwest Area, Marketing Information Division, AMS.

firm subject to the Act.

As a result, most livestock and meat marketing transactions in the United States are now subject to the rules of fair competition and fair trade practices prescribed by the Packers and Stockyards Act.

But do farmers and ranchers, country dealers, and other members of the livestock industry know this?

To make the P&S Act an effective marketing tool, the first big job was—and still is—to inform members of the livestock industry how the Act operates, how it protects them from unfair trade practices, and how it promotes healthy competition.

Enforcement of the Act is handled through the Packers and Stockyards Division of the Agricultural Marketing Service and its 25 field offices. To spread information about the Act to farmers and others, the Division has enlisted the help of farm and livestock organizations, livestock marketing agencies, county agents, press, radio, and television.

"Now I know what to do when I get a bad check or wonder why my livestock weighed so light. I turn the matter over to my district P&S office to get the facts," says a Louisiana stockman. "And this service doesn't cost me a penny."

Just as producers are protected, market operators and dealers are protected from unfair practices by others in the business. Also, they point out that it is easier for them to satisfy complaints about weights, loss of animals, and open competition when they can turn the facts over to a third and disinterested party—the P&S fieldman—to mediate the case.

For example, an Idaho market operator tells of a rancher who thought his sheep should have weighed a thousand pounds more than they did at the market.

"Naturally, he thought our weights were wrong because he had weighed his sheep on some local scales. When the P&S fieldman pointed out that the first weight was not on tested scales and failed to take into account the manure and other debris in the truck, the rancher was better satis-

fied with our weights."

When a market becomes subject to the Act because of its interstate business, notices are posted to this effect and the yard is called a "posted" market. Dealers, whether operating at these posted markets or in the country, are subject to the Act, too.

Posting of public markets, registering and bonding market operators and registering and bonding dealers are other big jobs, for their numbers have increased spectacularly in the last 10 years.

As of January 1961, there were 2,249 posted markets in the United States, compared to 308 in 1950 and 199 in 1940.

This means more than 95 percent of the livestock markets in the country is subject to the Act.

The increase in livestock dealers and marketing firms registering and bonding under the Act has been no less spectacular.

Registrants throughout the country now total 13,455 compared to 4,639 ten years ago.

Leaders in the livestock industry as well as those in USDA administering the P&S Act point out that this code of ethics can help livestock marketing operate more smoothly, but it is not a "cure-all" or a substitute for sound business judgment.

Though bonding required under the Act offers some protection for failures to pay for livestock—and bonding has increased from a nationwide total of \$12 million in 1940 to more than \$70 million by the end of 1960—one of the most common complaints at P&S field offices is still long delay in payment or failure to pay for livestock.

Market operators and dealers who follow sound business practices are usually in compliance with P&S regulations. Those who keep poor records and over-extend their credit are usually the ones who run into trouble.

The shifting of livestock marketing out of its old channels underscores the need for producers and marketing agencies to make better use of the services offered them under the Packers and Stockyards Act.



One of the marketing protections that farmers and ranchers have under the Act is assurance of accurate weights. Posted markets, buying stations, marketing agencies in interstate commerce are obligated to have accurate scales.

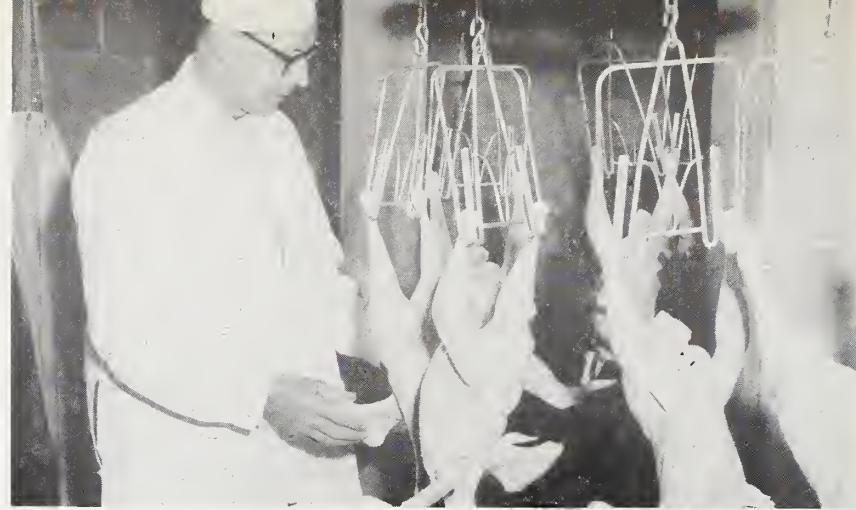


A P&S staff member verifies the accuracy of weights by comparing the scale tickets of livestock market with tapes from automatic recorder.



A producer receives his check for the sale of his cattle at a livestock market—prompt payment is required by Packers and Stockyards Act.

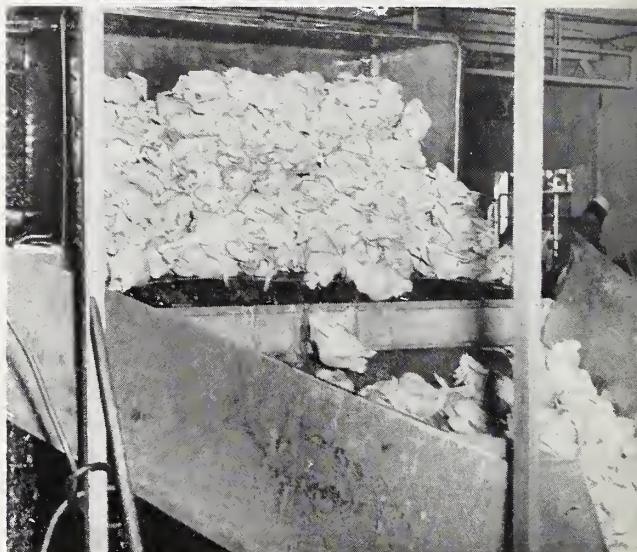
In 1960, almost 2 billion pounds of poultry were graded under Federal-State cooperative agreements. This was 1 billion pounds more than in 1958.



PROCESSORS, WHOLESALERS
AND RETAILERS FIND

USDA'S POULTRY GRADING PROGRAM

*an increasingly
effective
merchandising aid*



Shaker-hopper moves graded birds onto conveyor for packing.



Boxes from packers move along section of conveyor onto the scale platform. Crushed ice is placed on top of boxes and lids fitted into place. At right, crushed ice is added to trucks to keep birds at proper temperature while they are in transit. Boxes carry grade labels.





Poultry specialists attribute much of the increase in poultry grading to the times—the trend toward mass handling of food products. Stores show Grade A labels so customers can see it.



by Ward L. Wagner

"WE SELL only officially graded U.S. Grade A poultry."

You see this statement featured in retail food store ads, plastered across store windows, and heard many times in "trade talk."

And whatever the size of the retail operation—the reason is always the same. USDA graded poultry means reliable merchandise; U.S. Grade A signifies top quality.

This is important to the national chain which seeks the same higher quality poultry in all of its stores. It is equally important to the small operator whose chief aim is customer satisfaction.

The buyer for one national chain explains his store's position: "The poultry we sell under our brand name has to be of uniformly high quality. Since we can't get all we need from one source and we want our brand to mean the same thing at all our stores all over the country, we buy only officially graded U.S. Grade A birds."

A similar story is told by the independent grocer. "My customers expect high quality—that's why they patronize my store. I have to attract and hold steady customers to stay in business. That's why I buy only U.S. Grade A poultry."

"Also, it makes ordering easy. I can order by phone without having to make a personal inspection—and that saves both time and money."

The author is National Supervisor of Poultry Grading for the Poultry Division, AMS.

There's no doubt about it. Retailers and customers alike find USDA graded poultry to their advantage.

How well they like the service is reflected in the rapidly increasing use of Federal-State poultry grading.

In the past two years, the volume of poultry graded under Federal-State cooperative agreement (not including turkeys) has leaped forward by more than a billion pounds. In 1958, the total was just over 818 million pounds; in 1960, it came close to 1.9 billion.

The number of graded turkeys also increased, though not as spectacularly since a large part of the turkey crop has been graded for some time. In 1958, about 654 million pounds of turkey received USDA grades; in 1960, more than 811 million pounds.

As the production of turkeys and broiler-fryers has increased, so has the grading program. But in recent years, increases in graded volume have far outstripped increases in production.

Compare the years 1955 and 1960. The annual volume of chickens sold off farms increased from 3 million pounds in 1955 to approximately 5 million pounds (more than four-fifths of which were commercial broilers) in 1960. The volume graded jumped from 13 to 35 percent of the total.

Turkey sales during the past five years increased from 800 million to more than a billion pounds, and the amount graded rose from 44 to 76 percent of the total.

Grading officials expect a further

This merchandising aid is important to many retailers. As one independent grocer said, "My customers expect high quality—that's why they patronize my store. I have to attract and hold steady customers to stay in business. That's why I buy only U. S. Grade A poultry."



increase in the grading of chickens in 1961—perhaps half again as much as the total for 1960.

Members of the Poultry Division of AMS, under whose supervision the grading work is conducted, attribute much of this increase in poultry grading to the times—the trend toward mass handling in large volume. For this kind of marketing operation, a standardized product that can be bought and sold by verbal or written specification is essential. It speeds transactions, lowers handling costs.

Moreover, a nationally uniform grading service is helpful to both consumers and producers. Consumers learn to know and trust the Government grade shield—and producers know what kind of poultry they need to raise to meet consumer desires.

"Under a voluntary grading system," it has been said, "a product will be graded only when it can be merchandised to better advantage with the Federal grade mark than without it."

It seems evident that processors, wholesalers, and retailers have been finding the Government grade shield an increasingly effective merchandising aid for poultry.



Some Interesting Facts About

OUR NATION'S AGRICULTURE

Farming is our Nation's biggest industry. It employs 7.1 million workers.

* * *

The investment in agriculture amounts to \$199,300,000,000. This is $\frac{3}{4}$ the value of current assets of all corporations in the U.S.

* * *

Farmers spend \$25 to \$26 billion a year for goods and services to produce crops and livestock. They spend another \$15 billion for food, clothing, drugs, furniture, appliances, and the like.

* * *

Four out of every 10 jobs in private employment are related to agriculture.

* * *

One hour of farm labor produces 4 times as much food and fiber as it did in 1919-21. Crop production is 58 percent higher per acre. Output per breeding animal is 81 percent greater.

* * *

One farm worker produces food for himself and 24 others.

* * *

More than \$4.5 billion in farm products were exported in fiscal year 1960.

* * *

Farm real estate taxes totaled \$1.2 billion in 1959. Tax on personal property on farms was another quarter billion dollars.

Some supermarkets offer as many as 5,000 different foods. These items appear in various degrees of preparation—fresh, canned, frozen, concentrated, dehydrated, ready-mixed, ready-to-serve, or in heat-and-serve form.

* * *

In 1960, each person in the United States consumed an average of 161 pounds of red meat. They also ate 35 pounds of chicken and turkey, 204 pounds of fruits, 200 pounds of vegetables, 670 pounds of dairy products, 108 pounds of potatoes, and 7.5 pounds of sweetpotatoes.

* * *

Americans used 24 pounds of cotton per person in 1960. That's the equivalent of 24 house dresses or 30 men's shirts.

* * *

Wool consumption in the U.S. totaled 431 million pounds in 1960—about 3 pounds per person.

* * *

It takes 1 acre of healthy forest 20 years to grow the lumber for a 5-room frame house.

* * *

A large New York newspaper uses the growth of 6,000 acres of commercial forest for its Sunday issue.

* * *

On the average, each man, woman, and child in the United States uses about 400 pounds of paper a year.

The farmer got 39 cents of each \$1 spent on food in 1960. On a 26-cent box of corn flakes, he received 2.3 cents for his corn. Likewise, he got 60 cents of each \$1 spent on choice grade beef; 9 cents for the oranges in a 23-cent can of frozen orange juice concentrate; 2.8 cents for the wheat in a 20-cent loaf of bread.

* * *

Farmers received only 27 cents for the cotton in a \$4.16 dress shirt.

* * *

Americans spent 20 percent of their disposable income for food in 1960. The Japanese spent about 42 percent; Russians, 56 percent; West Germans, 45 percent.

* * *

Farmers average about \$1.37 an hour for their labor; a factory worker earns \$2.29. Hourly earnings of food marketing workers average \$2.13.



Growth Through Agricultural Progress